

# HOUSE BILL REPORT

## HB 2943

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### As Reported by House Committee On: Capital Budget

**Title:** An act relating to certain obsolete provisions in chapter 43.325 RCW overseen by the department of commerce.

**Brief Description:** Concerning certain obsolete provisions in chapter 43.325 RCW overseen by the department of commerce.

**Sponsors:** Representatives Tharinger and DeBolt.

#### **Brief History:**

##### **Committee Activity:**

Capital Budget: 2/5/16, 2/8/16 [DPS].

#### **Brief Summary of Substitute Bill**

- Repeals the June 30, 2016 expiration date for several components of the Energy Freedom Program, including the requirement to deposit moneys from three program-related accounts into the State General Fund on the expiration date.

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### HOUSE COMMITTEE ON CAPITAL BUDGET

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 8 members: Representatives Tharinger, Chair; Stanford, Vice Chair; DeBolt, Ranking Minority Member; Smith, Assistant Ranking Minority Member; Kilduff, Kochmar, Peterson and Riccelli.

**Staff:** Meg VanSchoorl (786-7105).

#### **Background:**

##### Energy Freedom Program.

In 2006 the Legislature established the Energy Freedom Program in the Department of Agriculture to promote public research and development in bio-energy and to stimulate

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construction of facilities to generate energy from farm sources or convert organic matter into fuels. Legislation in 2007 and 2009 refined and expanded the mission of the Energy Freedom Program, now under the Department of Commerce, to accelerate energy efficiency improvements, renewable energy improvements, and deployment of innovative energy technologies. The Energy Freedom Program provides mission-related financial and technical assistance to the state, its political subdivisions, federally recognized tribes, higher education research institutions, non profit organizations and private entities eligible to receive federal funds.

#### Accounts and 2015-17 Budget Appropriations.

The State Treasury holds three accounts related to the Energy Freedom Program. All are subject to legislative appropriation.

1. The Energy Freedom Account, which is generally used in the state operating budget for financial assistance consistent with the chapter.
2. The Green Energy Incentive Account, a subaccount under the Energy Freedom Account, which is used for refueling projects, pilot projects for plug-in hybrids, and demonstration projects developed with universities and local governments.
3. The Energy Recovery Account, which is used for loans, loan guarantees, and grants for projects that encourage the establishment of innovative and sustainable industries for renewable energy and energy efficiency technology. State and federal funds and loan repayments are deposited in the Energy Recovery Account, and it is primarily used in the capital budget.

In the 2015-17 operating budget, \$3.3 million is transferred from the Energy Freedom Account to the State General Fund in fiscal year 2016, and \$472,000 from the Energy Freedom Account is appropriated for the Washington State Energy Office funding.

In the 2015-17 capital budget, \$2.5 million in new appropriations and \$4 million in reappropriations are appropriated from the Energy Recovery Account for capital projects.

#### June 30, 2016 Expiration Date.

In the original legislation establishing the Energy Freedom Program and in subsequent amendments and budget bills, several components of the Energy Freedom Program are required to expire on June 30, 2016: the 2006 findings; definitions; program establishment; accounts creation; director's report; suspension or cancellation of assistance; and application prioritization criteria. On that date, moneys in the Energy Freedom Account, the Green Energy Incentive Account, and the Energy Recovery Account must be deposited into the State General Fund.

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#### **Summary of Substitute Bill:**

The substitute bill:

- repeals the June 30, 2016 expiration date related to the following components of the Energy Freedom Program: findings, definitions, program establishment, account creation, suspension or cancellation of assistance, and application prioritization criteria;
- repeals the requirement to deposit moneys from the Energy Freedom Account, the Green Energy Incentive Account, and the Energy Recovery Account into the State General Fund on June 30, 2016;
- retains the June 30, 2016 expiration date related to producing a biennial director's report;
- repeals an obsolete requirement to produce a framework to mitigate climate change and a report by December 1, 2008; and
- replaces an obsolete reference to the "Department of Community, Trade and Economic Development" with the "Department of Commerce."

**Substitute Bill Compared to Original Bill:**

The substitute bill makes the technical corrections necessary to: (1) apply the repeal of the June 30, 2016 expiration date not only to the original 2006 legislation but also to relevant laws and budgets enacted subsequent to the 2006 legislation; and (2) repeal the requirement to deposit moneys not only from the Energy Freedom Account but also from the Green Energy Incentive Account and the Energy Recovery Account into the State General Fund on June 30, 2016.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) There are complicated aspects to the intertwining pieces of this legislation, and the Department of Commerce would appreciate your support.

(Opposed) None.

**Persons Testifying:** Tony Usibelli, Department of Commerce.

**Persons Signed In To Testify But Not Testifying:** None.